



CITY of CALABASAS

CITY COUNCIL AGENDA REPORT

DATE: AUGUST 24, 2024

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: SCOTT TRUJILLO, ASSISTANT CITY MANAGER
MICHAEL KLEIN, COMMUNITY DEVELOPMENT DIRECTOR

SUBJECT: DISCUSSION OF BUSINESS LICENSES AND REGISTRATION
PROGRAMS FOR THE CITY OF CALABASAS

MEETING DATE: AUGUST 28, 2024

SUMMARY RECOMMENDATION:

Staff recommends that the City Council discuss business license and registration options and provide direction to staff.

BACKGROUND:

At its December 5, 2023 meeting, the City Council prioritized Future Agenda Items. Discussion of business licenses and registration programs was an included item.

This report analyzes the City of Calabasas's current regulations as it relates to business licenses and registration requirements, and options available to the City as suggested by the Economic Development Task Force (Mayor Weintraub and Councilmember Albrecht).

California State Requirements

Most states have two basic types of business license requirements, a general license and an occupational business license. A general business license means all businesses within the state must have a license, regardless of what they do. An occupational license is required depending on what the business does, or what the occupation is. In California, the state does not require a general business license, however, occupational licenses are required for specific businesses or occupations that are regulated at a state level. The most common is a sales and use permit, often called a seller's permit. Businesses selling or leasing any tangible property must obtain a seller's permit before the first sale is completed. Additional state permits may be required for other regulated products, such as tobacco and fire arms.

If a business sells, manufactures, imports or distributes alcoholic beverages, they must apply for the appropriate license(s) with the California Department of Alcoholic Beverage Control, and register to pay an Alcoholic Beverage Tax with the Department of Tax and Fee Administration. Specific professionals must also be licensed by the state in order to operate in California, such as a doctor, attorney, real estate professional or engineer.

State law also allows local jurisdictions to require a general or occupational business license, in addition to its zoning authority. As further discussed below, many local jurisdictions require some form of business license and/or business tax.

City of Calabasas Municipal Code

The Calabasas Municipal Code (CMC) Title 5 includes business licenses and regulations. Other than the business regulated by this section, no other business permit is required by the City. The City's zoning code applies from a land use perspective, requiring new tenants to obtain a Planning entitlement to change the use of an existing commercial space. However, the City is not informed if a business is sold, relocated or closes. Businesses regulated under Title 5 include:

Motion Picture, Television and Photography - Film permits are required, subject to the issue of a permit

Public Dances – Regulated via a prohibition

Cable System Franchise – Franchise agreement required with the City to operate a cable system

State Video Franchises – Franchise agreement required with the City to operate a television system

Rental Registration – All property owners of 5 or more rental units in the City are required to be register, subject to an annual renewal fee

Tobacco Retailer Registration – All tobacco retailers are required to be registered with the City in order to sell tobacco products, no annual fee.

Short Term Rentals – Regulated via a prohibition

DISCUSSION/ANALYSIS:

Business License or Registration Options

Most California cities and counties have some form of a business license or registration. The primary purpose(s) of a business license is to: 1) generate revenue; 2) regulate specific businesses; and/or 3) maintain data for the City. In fact, up until 2014, the Los Angeles County Treasurer and Tax Collector used to issue business licenses for specific businesses located in Calabasas. The Council ultimately adopted an ordinance repealing the County’s business license program because the County’s program provided little to no benefit to the City. For example, not all businesses were required to be registered, the upfront license costs were excessive and the County did not share the data with the City. Nevertheless, local jurisdictions can impose either a general or occupational business license requirement, and collect corresponding fees or taxes.

The table below outlines business license requirements for other local cities:

City	Business License Req?	Department	What Businesses	Fees	Annual Renewal Required?
Malibu	YES – Issued by the County	N/A	Specifically listed	New: \$200 - \$2,232 Renewal: \$135 - \$1,716	Yes
Agoura Hills	Yes	Finance	Any person or company who conducts business within the City	New: \$319 - \$1,100 Renewal: \$73 - \$279	Yes
Westlake Village	YES – Issued by the County	N/A	Specifically listed	New: \$200 - \$2,232 Renewal: \$135 - \$1,716	Yes
Thousand Oaks	Yes	Finance	Any person who transacts and carries on business within the City shall be required to obtain a City	New and Renewal: \$500 + (based on gross sales)	Yes

			business tax certificate (license).		
Moorpark	Yes	CDD	No person shall engage in any business within the city without a valid business registration permit issued	New and Renewal: \$119	Yes
Los Angeles City	Yes	Finance	Most businesses, with a list of exemptions	New and Renewal: \$100 - \$2,200 or \$1 to \$4.25 per \$1,000 of gross sales	Yes
Glendale	Yes	CDD	Every business located in Glendale, including subleases, is required to apply for and maintain a valid Business Registration Certificate (BRC).	New: \$279.55 Renewal: \$53.35	Yes

As demonstrated in the table above, all surrounding local jurisdictions have some form of a business license or registration requirement. Furthermore, business licenses can cost anywhere from \$119 to more than \$2,200 for a new license and \$53 to \$1,700 for an annual renewal, possibly more based on gross sales receipts where applicable.

Economic Development Task Force

This item is brought forward to the City Council at the request of the Economic Development Task Force. While the Task Force does not want to introduce a business tax or business license, the primary goal is for the City to have accurate and up to date information and data of businesses located in the City or doing work in the City. As of right now, staff has no reliable source of information to determine what businesses are located in the City and what sectors are represented. Furthermore, business outreach is not currently practical without an up-to-date database. The City could use a business database to inform specific businesses of proposed local, state or federal legislations. The City could also use a business database to inform certain businesses of grant and funding opportunities. Finally, the City could use a business database to track economic trends. The Task Force's preference is to keep the cost of a business registration or license low enough to cover only the cost of administration, as opposed to using the requirement to generate revenue like other cities do with a business tax. As a result, for a nominal fee, the Task Force believes that a business registration program would provide the City with important and useful data.

Staff looked into multiple options in order to achieve the Task Force's goal. Staff spoke with the Calabasas Chamber of Commerce to partner in building a business registry, looked into paying various software platform companies to use public data to assemble a business registry, and at staff capabilities to build and manage a business registry. However, in each of these cases there would be a direct cost to the City with little reliability of the data. Furthermore, businesses are under no obligation to provide the City with requested information without an ordinance mandating such disclosure.

After conducting extensive research, staff determined that the most reliable method of developing and maintaining a business registry is through the adoption of a business license or registration program, requiring all businesses that are located in the City, or do work in the City, to be registered. This would provide the regulatory framework and tools to collect the data and enforce the requirement. The City's sales tax consultant, HDL, has the experience and software to manage a business license or registration program on behalf of the City. In order to manage a business registration, HDL would charge the City approximately \$25 per business to issue new business registrations and \$25 annually per business to renew existing business registrations. The Economic Development Task Force's recommendation is that the Council consider directing staff to prepare a business registration ordinance including a corresponding fee to cover the cost to administer the ordinance.

FISCAL IMPACT/SOURCE OF FUNDING:

There is no fiscal impact to the discussion of a business registration or license requirement. However, the preparation of an ordinance, if directed to do so, will require staff resources and City Attorney expenditures.

REQUESTED ACTION:

Staff recommends that the City Council discuss business license and registration options and provide direction to staff.

ATTACHMENTS:

None